



FIFE SYMINGTON
GOVERNOR

Arizona Department of Corrections

1601 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5536



SAMUEL A. LEWIS
DIRECTOR

July 6, 1992

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FILE

FCC MAIL BRANCH

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, Northwest
Washington, D.C. 20554

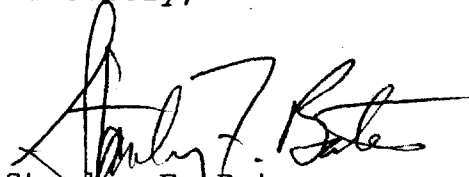
Re: CC Docket No. 92-77
Billed Party Preference

Dear Ms. Searcy:

Enclosed please find for filing, on behalf of the Arizona Department of Corrections, an original plus nine copies of the COMMENTS OF THE ARIZONA DEPARTMENT OF CORRECTIONS in the above-referenced proceeding.

Should there be any questions in this regard, please communicate directly with the undersigned.

Sincerely,


Stanley F. Bates
Assistant Director
Division of Administration

SFB/MWD/wp

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77

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COMMENTS

OF THE

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ARIZONA DEPARTMENT OF CORRECTIONS

Dated: July 6, 1992

ARIZONA DEPARTMENT OF CORRECTIONS
1601 West Jefferson Street
Phoenix, Arizona 85007-3003
(602) 542-3023

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)
_____)

CC Docket 92-77

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JUL 7 1992

COMMENTS OF THE
ARIZONA DEPARTMENT OF CORRECTIONS FCC MAIL BRANCH

COMES NOW, the Arizona Department of Corrections ("ADC"), by its Assistant Director, and respectfully submits these comments in response to the *Notice of Proposed Rulemaking* ("NPRM") issued by the Federal Communications Commission ("FCC") in the above-captioned rulemaking matter.

1. ADC is a statutory agency of the State of Arizona Government, existing pursuant to Arizona Revised Statute ("A.R.S.") §41-1601, *et. seq.*, having charge of the state correctional institutions (prisons), and presently having custody of approximately sixteen thousand (16,000) incarcerated felons.

2. ADC has an interest in this rulemaking proceeding because of its potential impact upon the inmate pay telephones operated at the various ADC prisons. ADC is not an aggregator or pay telephone vendor. ADC has entered into contracts with pay telephone vendors or aggregators to supply pay telephones¹ for

¹ Since inmates must place all calls on a sent-collect basis, and cannot utilize coins to prepay telephone calls, the term "pay telephone" is a misnomer in this case. ADC uses the term "inmate telephone" to clarify this ambiguity.

inmate use. At present, ADC's inmate telephone providers supply approximately seven hundred (700) inmate telephones on the prison yards for use by inmates. These telephones are restricted to placing of sent-collect (0+) telephone calls only. Inmates cannot originate sent-paid telephone calls, nor can inmates receive telephone calls. The instant rulemaking would have an effect upon all inmate telephone calls.

4. ADC, for obvious reason, has a legitimate concern for maintaining the safety and security of its institutions, the staff, the inmates, and the public-at-large. Notwithstanding the most prudent of precautions, some inmates perpetrate criminal activity from inside the secure perimeter walls of the correctional institutions. One of the most-prevalent criminal activities being perpetrated by inmates within ADC institutions is telephone billing fraud. Indeed, based upon data supplied to ADC by our inmate telephone providers, over ten percent (10%) of telephone calls placed by inmates from within ADC prisons are billed to non-existent, unauthorized, or "scam" telephone numbers.²

² A "scam" telephone number is where an outside accomplice of the inmate will acquire telephone service using a bogus name, usually at an empty apartment. Since local exchange carriers ("LECs") usually activate the telephone service from their switching office and need not visit the premises, the fact that the apartment is empty goes unobserved. The accomplice will then gain entry to the apartment, program the telephone and call forward the telephone to yet another telephone number. Collect charges are then billed to the "scam" telephone number. Usually, three to four months of unpaid telephone bills will go by before the LEC will disconnect the "scam" telephone number. By the time this occurs, thousands of dollars worth of collect charges will have accumulated.

5. Another telephone crime perpetrated by inmates using inmate telephones is the harassment of sentencing judges, prosecuting attorneys, jurors, witnesses, and others.

6. In the FCC's CC Docket No. 91-35 ("*Equal Access Proceeding*"), *In the Matter of Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, ADC detailed similar inmate telephone fraud concerns.³ In that proceeding, the FCC determined that pay telephones located inside correctional institutions should be exempted from the "equal access" requirements contemplated in that rulemaking.

7. ADC believes that the "billed party preference" ("BPP") scheme, as proposed in the instant rulemaking, poses a security threat to correctional institutions, and will allow inmates to have further avenues available for perpetrating or concealing their fraud-by-telephone activities.

8. For example, at present, when ADC conducts a criminal investigation into a telephone billing fraud perpetrated by or in conjunction with an ADC inmate, ADC only has one inter-exchange carrier ("IXC") to communicate with --- the IXC selected by ADC's inmate telephone provider. Not only does the IXC cooperate fully with on-going ADC investigations, the IXC works closely with ADC officials to block suspected "scam" telephone numbers, and in detecting patterns of suspected fraudulent telephone billing

³ ADC incorporates herein by reference, as if fully set forth herein, the *Comments of the Arizona Department of Corrections* filed in the Equal Access Proceeding (CC Docket No. 91-35).

activity. The selected IXC works closely with ADC to provide the specialized and sophisticated call blocking and call screening needed for correctional institutions. Indeed, because there is a one-to-one relationship between ADC's inmate telephone provider and the selected IXC, the inmate telephone provider has been able to, by contract, ensure that the IXC will cooperate and assist ADC's law enforcement and criminal justice efforts whenever necessary and not proscribed by law.

9. However, were the FCC to implement the proposed BPP scheme, the receiving telephone number would be dictating the IXC to be utilized. Under the proposed BPP scheme, it is reasonable to conclude that there will be hundreds of IXCs involved, and that inmates could further perpetuate their crime-by-telephone schemes by arranging for several outside contacts each with different IXCs in order to maximize the concealment of their criminal activities or schemes.

10. During 1989, the North Carolina Utilities Commission ordered an industry conference, which was chaired by Southern Bell, to discuss telephone service being provided to correctional institutions. One key point agreed upon at this conference was that some LECs and some IXCs are unable to provide the specialized call blocking and/or screening needed for inmate facilities.^{4 5}

⁴ A copy of a report entitled "Inmate Service Industry Report", as presented to the North Carolina Utilities Commission by Southern Bell, is included herein at ATTACHMENT 1.

11. With multiple IXCs involved, ADC's investigators would be effectively thwarted in their efforts to detect, investigate, and curtail inmate crime-by-telephone activities. For instance, simply determining the IXC over which a sent-collect inmate telephone call was routed might become a monumental, if not impossible, task. Various privacy laws prevent ADC from obtaining information concerning the called party's telephone service or telephone billing. Whereas, as the situation presently exists, the IXC serving ADC's inmate telephones can readily provide information about calls placed from ADC's inmate telephones without treading into the privacy of the remote party's telephone billing. However, by implementing BPP as proposed, ADC would effectively be prevented from obtaining any information from any of the LECs or IXCs without a court order, and then such an order would have to be obtained on a call-by-call basis. The additional man-hours required and paperwork processing delays can be expected to be monumental.

12. ADC believes that BPP is nothing more than the fabled "wolf in sheep's clothing" being proposed by one or more of the local exchange carriers ("LECs") attempting to position themselves to reclaim their former monopoly over pay telephone and operator services.

13. It appears that BPP will cause an increased cost to telephone consumers. Under even the most ideal of scenarios, BPP

⁵ It should be noted that ADC's IXC provides all of the operator services for ADC's inmate telephones because the LEC previously was either unable and/or unwilling to provide the specialized call blocking and/or screening needed for inmate telephones.

would entail that a long distance call would first be "preliminarily" routed (via SS7 common channel signalling) to the receiving-end local telephone company to determine the receiving-end-user-selected IXC, and then the call would be processed over the selected IXC's network. An expected result of BPP will be that IXCs will increase their charges to compensate for the "preliminary" set-up traffic which would route over their networks. The end result is that call set-up times will increase, especially in the case of operator-assisted calls, of which all calls sent by ADC inmates are.⁶

14. Another concern with BPP is the reality that a party placing a sent-collect call might have to communicate with two operators: one operator working for the originating end IXC, and another operator working for the receiving end IXC. Under these circumstances, ADC believes that the floodgates will be opened for inmates to perpetrate telephone billing fraud because the specialized call screening being provided by ADC's IXC would effectively be eviscerated once the inmate was able to make contact with the remote end IXC operator. Under BPP, inmates (or, for that matter, anyone wishing to conduct a fraud-by-telephone scheme) could provide different information to the first and second operator, including bogus billing information. Or, the second

⁶ Although the FCC notes in its *Notice of Proposed Rulemaking*, at paragraph 27, that SS7 and AABS would eliminate any increase in access times, this conclusion is incorrect. It still will take time, albeit a fractional second, for the electronic exchange of information using either SS7 or AABS.

operator might not be aware that the calling telephone is located in a prison and that the calling individual is an inmate. The second operator might not even be aware that the receiving-end called party wishes to block calls from the prison. The potential for abuse appears endless.

15. In short summary, ADC believes that "billed party preference", at least with regard to sent-collect telephone calls, should not be implemented, especially within a correctional or detention environment.

WHEREFORE, THE PREMISES CONSIDERED, the Arizona Department of Corrections respectfully requests the Federal Communications Commission to give careful and faithful consideration to the comments contained herein and to enact rules and regulations in accordance therewith.

Respectfully Submitted,

ARIZONA DEPARTMENT OF CORRECTIONS

Dated: July 6, 1992

By: 

Stanley F. Bates
Assistant Director

ARIZONA DEPARTMENT OF CORRECTIONS
1601 West Jefferson Street
Phoenix, Arizona 85007-3003
(602) 542-3023



Southern Bell

Carl E. Swearingen
Assistant Vice President

Post Office Box 30188
Charlotte, North Carolina 28230
Phone (704) 378-8741

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March 1, 1989

JUL 7 1992

FCC MAIL BRANCH

Mrs. Sandra J. Webster, Chief Clerk
North Carolina Utilities Commission
Post Office Box 29510
Raleigh, North Carolina 27621-0510

ATTACHMENT 1

Re: Docket No. P-100, Sub 84

Dear Mrs. Webster:

Enclosed please find the original and 31 copies of the industry report requested by the Commission in its January 13, 1989 Order in the above captioned Docket. The report is the result of an industry conference held on February 17, 1989 in Raleigh and reflects the industry's recommendations on various issues with respect to pay phones in detention areas of confinement facilities.

I am also enclosing an extra copy of this letter which I would appreciate your stamping "Filed" and returning to me.

Thank you for your assistance.

Yours very truly,

Carl E. Swearingen
Carl E. Swearingen *CSH*

Enclosures

cc: All Parties of Record

INMATE SERVICE
INDUSTRY REPORT

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OCT 7 1989

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OVERVIEW

On February 17, Southern Bell chaired an industry conference to address COCOT service in confinement facilities, as ordered by the NCUC on January 13, 1989. At this conference, the industry discussed the requirements of the NCUC order of October 11, 1988 to determine how these requirements could be met. Attached is a list of industry members who were notified of the conference, a list of participants present at the conference, and the conference agenda.

Key points from this conference are listed below.

1. Despite the current restriction of collect only on most inmate lines, excessive toll fraud already exists due to ingenious schemes used by inmates to gain unauthorized access to toll networks. The volume of toll fraud would likely escalate if IXCs and LECs were required to permit credit card calling from confinement facilities.
2. If sent paid calling were permitted from confinement facilities, losses due to unauthorized access to other services, "lost" coins, and/or fraudulent coin deposits would likely erode the revenue generated.
3. Due to technical limitations, some LECs, and at least two IXCs, are unable to provide the specialized blocking and/or screening needed for inmate facilities.
4. The industry recommendation is that the collect only strategy currently utilized for lines in confinement facilities be applied to COCOTs in confinement facilities as well.

CREDIT CARD CALLS

A primary issue to the industry is the volume of toll fraud which would result from the requirement to allow inmates to place credit card calls. The parties at risk from this requirement would be the IXCs, the LECs, and ultimately the general rate payers. Neither the confinement facilities management, nor the COCOT provider, would incur any financial risk if credit card calls were permitted in confinement facilities. Inmates presently use a multitude of creative methods to place fraudulent toll calls as described in the attached document on toll fraud. Due to the excessive volume of toll fraud which originates from

inmate facilities, the industry was in complete agreement that credit card calls should not be permitted from inmate facilities.

SENT PAID CALLS

Compensation to LECs and IXCs for sent paid calls (i.e., calls billed to the originating line), is the responsibility of the line subscriber. This applies to COCOT providers as well, making them financially responsible for sent paid calls initiated from COCOT phones in confinement facilities.

Because the intelligence to rate a call, as well as to collect/return coin deposits appropriately, is contained within the COCOT set itself (or in associated periphery equipment), 1+ sent paid calls (i.e., depositing coins to pay for the call) can be handled via COCOTs without any external operator system. However, since there is no provision for extending control of the coin collect/return capabilities to an associated operator system, COCOT originated sent paid calls which require an operator (0+ sent paid calls) are not feasible.

To limit their toll liability to LECs and IXCs to those 1+ calls which they can appropriately service, COCOT providers have traditionally subscribed to class of call screening to have operator-assisted sent paid calling blocked. This blocking is in the best interest of the COCOT provider (limited liability) as well as the LECs and the IXCs.

Although the COCOT provider is responsible for sent paid calls, allowing 1+ dialing from COCOT lines in confinement facilities provides an easy means for essentially uncontrolled network access and access to services such as 800, 900, 976, 950 (FGB), and 10XXX (FGD). In addition, it allows easy access for unauthorized use of individual customers' local and long distance lines. (See the attached paper for more details on fraud.)

Due to the potential for increased fraud risk associated with providing local and/or 1+ sent paid calling capabilities, it is the industry recommendation that all sent paid calls - local and toll, operator-assisted or not - be blocked from COCOTs serving confinement facilities.

BLOCKING & SCREENING PROVISIONING

Blocking and screening requirements raise the technical issue of how the appropriate blocking can be provided. Southern Bell provides selective screening and blocking through a combined process of class of service translations on the customer line along with transmission of a special information bit (ANI7). When the end office receives the call initiation, the class of

service coding reveals that an ANI7 must be sent with this call. The call is then sent with the ANI7 to either an IXC (interLATA calls) or to the LEC tandem office (intraLATA calls) for appropriate call processing. LECs use the ANI7 as an indication that special screening is required on the call. The degree to which the screening requirements can be customized, based on the originating line number, varies by LEC. Some are quite flexible, capable of associating any particular combination of screening restrictions with any particular line number. Others are able to screen any particular originating line number, but all screening must be with the same combination of restrictions. Because the screening occurs after interLATA calls have been sent to the appropriate IXC, LECs can provide additional screening for intraLATA calls only. The degree to which IXCs can apply any specialized screening, based on the originating line number, varies as does the LECs' capabilities.

Two IXCs indicated that they cannot currently provide this secondary screening table. Instead, one IXC suggested that the ANI7 code be further subdivided into three or four other information codes to indicate specifically which screening option was needed. Several LECs responded that the ANI7 process is hard wired into their switches, and, therefore, cannot be changed. In addition, altering the ANI7 method would require national agreement from all BOCs, LECs, and IXCs, an extremely lengthy process at best. Additionally, this same IXC indicated that a system update which could accommodate this secondary screening would be available for their switches in early 1990.

In light of the common use of the ANI7 and secondary screening table, the industry recommendation is to continue providing the screening through this method. Essentially, each LEC will provide the ANI7 digit to indicate the need for additional screening. It will be the responsibility of each party completing the call to properly handle the call. The inability to provide the additional screening will cause financial risk to the company completing the call, thereby giving that company incentive to either avoid solicitation of that business or to develop a method to provide the necessary screening.

RECOMMENDATION

Based on both the requests of some of the administrators responsible for confinement facilities, and the telecommunications industry's experiences with fraud losses, the public telephone service provided for the use of inmates in confinement areas should not be configured exactly like the public telephone service provided at other locations. It is the industry's recommendation that lines provided for COCOTS in confinement facilities be arranged to:

Allow:

0+ collect for local, intraLATA, interLATA calls

Block:

direct local dialing calls
credit card calls
3rd number charge calls
1+ sent paid calls
0+ sent paid calls
0- calls
00- calls
800 calls
900 calls
976 calls
950 calls
10XXX calls
inward calls (as an option)

Where the LEC can block additional digit dialing after initial call set up, then 1+ long distance and 7 digit local dialing could be permitted.

The following Interexchange Carriers, Resellers, and Local Exchange Carriers were invited to attend the Inmate Service Industry meeting on February 17, 1989:

Interexchange Carriers:

ITT/USTS

MCI (Under consideration, may file separately)

AT&T

US Sprint

Resellers:

Business Telecom Inc.

Econowats Inc.

TriTel

Mid Atlantic Telephone

PhoneAmerica of the Carolinas

SouthernNet Services

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Local Exchange Carriers:

Southern Bell

ALLTEL Carolina

Contel of North Carolina Inc.

North State Telephone

Centel of NC/VA

Carolina Telephone and Telegraph

Concord Telephone

Lexington Telephone

General Telephone

INDUSTRY CONCERNS WITH PRISON FRAUD

LARRY KEPFER
CO-CHAIRMAN OF THE NATIONAL
TOLL FRAUD PREVENTION COMMITTEE

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I. OVERVIEW

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Institutional toll fraud presently generates an annual loss of \$150 million according to the Communications Fraud Control Association (CFCA), a national association of IXCs, LECs, and law enforcement representatives. Included in the category of institutional toll fraud are educational facilities, military institutions, and prisons. Local exchange carriers and interexchange carriers have sought to minimize the fraud from inmate facilities through the provision of inmate service. Inmate service does not typically allow calls such as third party bill, access to Feature Group B (950) or Feature Group D (10XXX), 800 calls, 900 calls, 976 calls, direct dialed local calls, and credit card calls. Nonetheless, inmates still perpetrate fraud by using deceptive means to "Get By" the operator and access either services that require authorization codes (PINs or credit card numbers) or unsecured lines which give second dial tone.

II. WAYS FRAUD IS PERPETRATED BY INMATES.

A. PBX FRAUD

An example of PBX fraud is where an inmate calls a hospital and tells the operator "collect call from Dr. Jones." The PBX operator then accepts the call. The inmate will then ask for a department (i.e. radiology). When the department answers, he will explain that he was directed to the wrong department and requests to be connected to the operator again. When the operator is reconnected, he then asks for an outside line and dials his fraudulent call.

B. UNSECURED LINES and SECURED WATS LINES

Many large businesses have WATS lines that are dial accessed by their personnel. Some of these lines have authorization codes associated (secured lines), others just return a second dial tone when they are accessed (unsecured lines). The inmates will dial these numbers, tell the operator the call is from "John" and when the conformation or second dial tone is returned, the inmate will send a burst of DTMF to kill the tone before the

operator can hear it. They, in turn, either disguise their voice or hand the phone to another inmate who accepts the call. The Operator drops off and the inmate population has access to the dial facilities. If the line is secured, the inmates may "hack" the code until a valid authorization code is found or obtain a code via outside sources. They will have the ability at this point to dial their call on unsecured lines.

C. FEATURE GROUP A

Feature Group A fraud is perpetrated like the secured WATS lines. The inmates get to the carriers' facilities using the deceptive means previously mentioned, then input a stolen PIN and dial their call. Some Feature Group A lines also have the ability to reoriginate calls by using the # key. On completion of a call, the calling party presses the # key and the Feature Group A line returns dial tone and another call can be made without reentering the PIN. Unlimited numbers of calls can be made in this manner. To the LEC, it appears as only one call was made.

III. POTENTIAL HARM

A. CREDIT CARD CALLING

1. Inmates have many ingenious ways of illegally obtaining authorization codes, PINS, and Credit Card numbers. Allowing an inmate to make credit card calls would make the serving LEC and all IXCs very susceptible to fraud.
2. If an inmate were permitted to have a legitimate credit card, the card could easily be compromised within that facility. That inmate could sell calls to other inmates then report his card stolen.
3. Subscription Fraud (where a person orders service, runs up a large toll bill, then disappears without paying) would be a possibility where an outside source would order service under an assumed name, order a calling card, give the information to an inmate, then disappear. In the interim, the inmates could run up large volumes of fraud.

B. THIRD NUMBER BILLED

Third number billed calls would give an inmate an unlimited opportunity to place fraudulent calls with the

cooperation of friends at remote phones or other inmates. These calls could later be identified by the billed party as fraudulent at the expense of the LEC or IXC.

C. LOCAL CALLING

Allowing inmates to make local calls without operator control or without controlling the number of digits that they could dial, would give them access to local Feature Group A lines, dial access WATS lines, and also make the PBX fraud easily perpetrated. They would now be able to dial into the PBX without going through the operator and having a collect call accepted.

D. 1+ SENT PAID

Allowing 1+ sent paid traffic would also require controlling the number of digits the inmate could dial. With this stipulation, the potential for fraud would be minimized.

E. 0+ SENT PAID

Allowing 0+ sent paid traffic necessitates control of the 54 coin drop function at the coin set. Of course, this function is not under the operator's control, making 0+ sent paid calls totally unworkable from COCOT sets. Even at a LEC operated coin phone, an inmate could get the receiving caller at another coin set location to drop the coins at the receiving coin set. At those locations not utilizing electronic means to monitor and detect the point of origin of the coin deposit tones, the operator would be unaware that the coins were being deposited in the receiving set rather than by the inmate at the originating set. When a coin control signal is sent to collect the coins, it is applied only against the set originating the call. The receiving set would simply drop the coins back through to the coin return slot upon disconnect. When actual money in the collection box (originating set) is compared to the expected revenue (generated from AMA records), the shortage would be identified. Since it cannot be determined which calls created the shortage, recovery of this loss through rebill is impossible.

F. 10XXX DIALING

Allowing 10XXX dialing from inmate lines would make Interexchange Carriers, who cannot separate this type of traffic from POTS traffic, "fair game" for fraud. Some

interexchange carriers elected not to participate in balloting and allocation of BOC public phones because of inmate service and other services that require special screening.

IV. POSITIONS

A. NATIONAL TOLL FRAUD PREVENTION COMMITTEE POSITION

The Toll Fraud Prevention Committee, a national, industry-wide forum made up of all RBOCs, GTE, USTA, AT&T, MCI, US Sprint, Allnet, Bell Canada, Total-Tel USA, BellCore, Telus, and a number of other Interexchange Carriers, has had the Prison Fraud issue before them. This Committee has recommended that Inmate Service, regardless of the provider, allow 0+ Collect only. Deviance from this type of service will result in large amounts of fraud. TFPC issue 88-008 was agreement by the industry not to allow 10XXX dialing from inmate classes of service.

B. SUMMARY

The Communications Fraud Control Association (CFCA) estimates institutional fraud at \$150 million dollars annually. Because of this history, increased calling patterns made available to the inmates will increase the opportunities to commit telephone fraud. Secondly, when inmates perpetrate the fraud, there is not a means for restitution. Allowing inmates access to calling card services would allow them a much easier way of perpetrating the fraud. Allowing unrestricted local calling would give them access to services that would be compromised. It is strongly recommended that inmate service remain as 0+ Collect only. Additionally, 1+, 0-, and 00- sent-paid calls should be allowed only when access to 800, 900, 976, 950 (FGB), 10XXX (FGD), and the dialing of additional digits after the initial call set up can be totally blocked.